JANUARY 13, 1964

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AID: BEGINNING OF TRADE

FOREIGN GOLD AND DOLLAR HOLDINGS STILL RISING

PARAGUAY IMPROVES CROPS AND LIVESTOCK

FOREIGN AGRICULTURE

Including FOREIGN CROPS AND MARKETS

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Including FOREIGN CROPS AND MARKETS

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A Paraguayan 4-C Club member parades his pig before judges a livestock show. The show pointed up advances made in agriculture under the Alliance for Progress. (Story on page 9.)

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AID—THE BEGINNING OF TRADE

Public Law 480, in effect nearly 10 years, has shown its value both in feeding people and in helping them to pay their own way.

By C. R. ESKILDSEN
Associate Administrator
Foreign Agricultural Service

Public Law 480, as we all know, is a unique program. There has never been anything quite like it before. Consistently it has been a program of innovation. Traditionally, when people were hungry in the world, by and large they remained hungry. Under Public Law 480, they have been fed. Not entirely, but to an important extent due to Public Law 480, there has been no large-scale acute hunger in the Free World during this past decade. I think it has been amply demonstrated that there need no longer be famine in the world—provided that all nations are willing to share their food resources.

That is the humanitarian side of the picture. Now for the commercial side.

Very early in the administering of Public Law 480, we learned that it contained even greater potential for trade development—and I mean commercial trade development—than its architects had visualized. In country after country—Japan, Spain, Israel, Italy, Greece, Formosa, and others—we found that a helping hand when it was most needed can produce quick rewards in terms of stimulated economic growth and participation in commercial world trade.

We found, too, that these rewards did not come only to the United States. As Public Law 480 has sown its seeds of economic development and trade stimulation, all exporting countries—including those represented here—have participated in the benefits. From the low export total of 1953, our agricultural shipments abroad through 1962 increased through export programs only a little over $1.0 billion. At the same time, the total world increase was between $7 billion and $8 billion.

Program reviewed

Public Law 480 is a big program. Over these 9 years of operation, the United States has supplied nearly $11 billion (market value) worth of food and fiber to over 100 countries under its various titles. Such a massive movement of commodities was bound to affect, directly or indirectly, the interests and the operations of all other nations participating in world trade.

From the beginning we have acknowledged this fact, and we have exercised great care to avoid disruption of commercial trade, and have welcomed the continuous review of program policies and operations by other nations. If this Consultative Sub-Committee on Surplus Disposal had not been set up, I think the United States might be the first to propose that it be established. This sort of continuing review is highly useful.

The review function performed by various nations, not only those represented on this Sub-Committee but all interested nations, has provided a sort of informal refereeing of U.S. operations. Nations have been ready to advise us when, in their opinion, we were observing the rules too loosely or when they thought the rules themselves appeared to need changing. As we all know, not everybody agrees with the referee—and we have not always agreed with observations as to how well we were running the Public Law 480 program. But they have helped to bring balance and direction to an important facet of international economic relations.

P.L. 480 has gained status

When Public Law 480 was enacted in 1954, it was spoken of by many persons as a "temporary" program. This was especially true of those who thought of the program principally or entirely in terms of surplus disposal. Some people apparently envisioned a bright new day, close at hand, when Public Law 480 would successfully empty our granaries and warehouses of surplus stocks by moving them to needy developing countries; these countries would promptly develop viable economies and, paralleling this movement, we would devise successful domestic agricultural programs which would prevent the granaries and warehouses from overflowing again.

As we know, this bright new day has not yet dawned and, realistically, we are not predicting when it will dawn. Instead, for a number of reasons—and so-called surplus disposal is no longer the principal one—the United States has accepted Public Law 480 as an important part of its contemporary agricultural and foreign economic program.

Furthermore, if we have learned anything during these 9 years, it is that we must question loose usage of the term "surplus." What might appear to be a surplus in one country can be a valuable asset when placed in the hands of another country. It is my personal feeling that even the name of this group, the Consultative Sub-Committee on Surplus Disposal, is in a sense out of keeping with the situation as it has developed in recent years.

Last month, in Amsterdam there took place a

This speech was given by Mr. Eskildsen at the 97th Meeting of the Consultative Sub-Committee on Surplus Disposal, Committee on Commodity Problems, of the Food and Agriculture Organization of the United Nations, Washington, D. C., December 12, 1963.

European-American Symposium on Agricultural Trade. Some 500 European and American agricultural and trade leaders took part. The focus was mainly on Atlantic trade, commercial trade, but some of the speakers ranged beyond that. The British historian, Professor Arnold Toynbee, for example, chided us all a bit for being so preoccupied with the affluent minority's food surplus when, in his opinion, the world's biggest problem concerns the hungry majority's food deficit. Professor Toynbee asked the question, "Am I my brother's keeper?" and then answered it by saying, "Well, I think it is certain that if I, the affluent minority, refuse to be my hungry brother's keeper, I shall become, sooner or later, this hungry majority's victim."

Public Law 480, as constituted today, is not motivated principally by surplus disposal nor is it motivated specifically by the kind of threat suggested by Professor Toynbee, though, realistically, the threat is present. The most pronounced motivation today for Public Law 480 comes from the positive fact that science and technology have given to agriculture a new power, a new productive thrust, undreamed of a generation ago, and that some means has been needed to make this force available in support of world economic development.

The United States, of course, has no monopoly on agricultural abundance. All of the more developed nations are rapidly increasing their agricultural production. The same kind of science and technology that is being used by American farmers is being used or coming into use elsewhere. The circumstances that brought Public Law 480 into being in the United States eventually will inspire, in my opinion, programs of similar purposes in many other countries. I think we should hope that this will happen, and that it will happen soon.

High productivity is inevitable

Our Secretary of Agriculture, Orville L. Freeman, was one of the participants in the Symposium in Amsterdam, along with ministers of agriculture, other officials, and private citizens from many countries. Secretary Freeman suggested that high productivity is the inevitable farming pattern of the future, not only in the United States but in all developed countries. To quote his words:

"Somewhat quizzically I would make the observation that I wonder if there is much that we shall be able to do in your countries or in ours in relation to the productivity of the farmer. Whether you pay him less or whether you pay him more, whether there are more farmers or whether there are fewer farmers, he seems to keep on producing more and more anyway.

"We hear a great deal of moving people from the country to the city, but the land is still there, and I could show you a number of studies in the United States from which we've concluded that lower prices may not necessarily result in less production but conceivably more. I speak now of support prices."

Secretary Freeman offered this comment in the context that developed nations will have both the ability and the responsibility in the years ahead "of increasingly using our agricultural capabilities in helping the less fortunate part of the world in its struggle to advance."

"We all recognize that much already is being done toward this objective," he said. "What we may not sufficiently recognize is that we are not doing enough, that the demands for assistance will become even greater."

The 1980 food deficit

The Department of Agriculture has made some projections to the year 1980 in an effort to visualize the world's food deficit as of that time. These projections indicate that among the two-thirds of the world's people who make up the developing nations, there can be expected in 1980 a possible total food deficit of $25.6 billion. These developing nations possibly can make up about $10.9 billion worth of this deficit through commercial imports—but this still leaves a net food-import deficit of $14.7 billion a year to be met through aid.

Fortunately, the projections also indicate that among the other one-third of the world's people who populate the developed countries, agricultural production will continue to expand rapidly. By 1980, our combined food surpluses may reach a total of $25.3 billion a year. Using, these supplies it would be possible—through a combination of trade and aid—to virtually fill the world food gap.

Against this statistical background, Secretary Freeman—a few days after the Amsterdam Symposium—was one of the speakers at the FAO Conference in Rome. Here he propounded a basic principle that must obtain if the more prosperous nations are truly going to share the load of helping the less prosperous nations:

"If—as we must—we accept the principle that all prosperous, highly developed nations, whether they produce food surpluses or whether their productive genius lies in other goods, must accept their share of the responsibility and the cost of food aid for less developed countries; and if we recognize the fact that the food itself can be provided only by those nations that produce food in abundance, then we must recognize that the non-agricultural highly developed nations can effectively lift part of the aid load off the back of the efficient agricultural producers only by offering to provide an expanding commercial market for the latter's agricultural commodities."

Aid implies trade

What Secretary Freeman was talking about is the basic truth that if there is to be aid, there also must be trade. A nation that extends aid generously—whether it is the United States or any other nation—must have the financial resources to support that aid, or eventually that aid must slacken or be withdrawn. A basic part of our financial resources comes from commercial trade.

We have been criticized—by representatives here, by

(Continued on page 15)

Outstanding Italian Citrus Crop in the Making

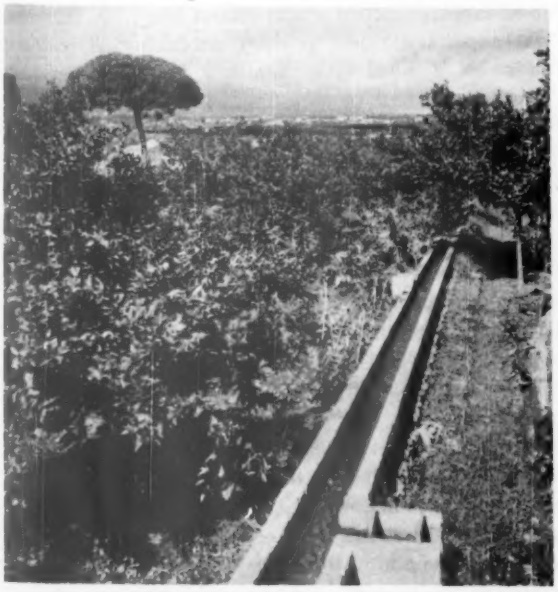
Italian citrus growers from the northern valleys of Lazio to the southern seacoasts of Sicily are predicting an outstanding year for their orange, tangerine, and lemon crops. Record supplies of oranges at 876,000 metric tons and tangerines at 128,000 tons are expected for the 1963-64 season. Lemon production is setting no record, but a 433,000-ton crop, 23 percent above last year's, will allow an exportable surplus.

As the second largest lemon producer in the world, and with a fast-growing orange industry, Italy offers the United States and other world citrus producers vigorous competition for export markets, especially those in the European Common Market. By the end of 1967, when Italian citrus is given free entry into the EEC, the competition will be even keener. In addition, U.S. and Italian fruit compete for the markets provided by the United Kingdom, Austria, and Switzerland. Most of Italy's lemons and a good share of its oranges and tangerines will be sold to these European markets.

Two factors combined to make Italy's current good harvest possible. No frost damage and frequent rains in the spring and summer of 1963 resulted in a heavy set and good development of winter lemons, tangerines, and oranges. Also, in much of southern Italy, new trees planted on irrigated lands are now reaching bearing age. Here, orange and other citrus groves are gradually replacing traditional dry-farmed crops.

The Italian Government is planning still more irrigation projects, which, when completed, will greatly increase acreage available to citrus growing.

Below, concrete runway carries water to a lemon grove on Sicily's east coast. Irrigation projects dot the entire Italian citrus belt. Right, women sort and pack fruit.



Top, lemon trees grow on slopes above Aci Castello, Sicily. Below, donkey and cart deliver picked fruit to trucks for transport to cities.

Foreign Gold and Dollar Holdings Still Rising

By GABRIELLE P. RICE

Development and Trade Analysis Division
Economic Research Service

The U.S. balance of payments deficit for 1963 as a whole promises to be much smaller than predicted earlier in the year. It showed definite improvement in the third quarter and—though figures have not yet been published—in the fourth quarter also. Foreign countries' public and private holdings of gold and convertible dollars have continued their rapid rise.

The better U.S. balance of payments position was due primarily to the reduced outflow of private capital; private banks lent less to foreigners and fewer newly issued foreign securities were purchased. Most of the securities bought were issues negotiated before the mid-July announcement of the interest-equalization tax, designed by U.S. authorities to keep down the outward movement of U.S. dollars. Also helpful were advance debt payments by France and the Netherlands.

Differences in foreign holdings

Foreign countries' public and private holdings of gold and convertible dollars (excluding those of Iron Curtain countries) have increased by over $10 billion since 1960. Holdings of international and regional organizations rose by another $2 billion.

The movements of gold and dollars in certain groups of countries suggest extreme differences in their ability to amass foreign assets. High-income primary producing countries and minor industrial countries increased their holdings by $1.3 billion between 1959 and June 1963. This reflects in part an encouraging rise in the export earnings of several countries such as Venezuela, Mexico, Thailand, and the Philippine Republic, where basic commodity prices recovered in 1962 and 1963.

The most striking improvement, however, was by major industrial countries, whose gold and dollar holdings rose by $8.9 billion in the 4-year period. These large increases reveal what happens to much of the gold that leaves the United States. They also explain why less developed countries, observing these trade earnings, sometimes attempt to industrialize too soon, at the expense of reduced exports of agricultural and other primary products.

Less developed countries, mainly primary producers, recorded a small decrease in total holdings, although their trade expanded 40 percent. Thus, the very countries where increases in income most notably increase demand for U.S. agricultural products can least afford to import them, except through concessional sales.

Problems of primary producers

The less developed countries that must rely on one or two agricultural exports such as coffee, cocoa, or sugar are continually exposed to fluctuations in the prices of these commodities. Periods of high export earnings alternate with periods of low earnings; and growth in demand for the products is relatively slow.

In periods of high earnings, the country's imports tend to increase and its foreign exchange reserves to dwindle. Moreover, the increased earnings may induce the country to enlarge its foreign debt, and it may accept harder terms than it can ordinarily service. Then, after depleting its reserves, if it suffers a sharp decline in earnings, it will be faced with paying for imports previously ordered; larger foreign debts than it can handle; and even lower foreign exchange reserves.

Several solutions possible

Several international organizations have sought solutions or partial remedies to the problems of developing countries. Among these remedies is the special drawing facility created by the International Monetary Fund to compensate for a deficiency in export receipts for reasons beyond the member country's control. A more important avenue of aid for agricultural countries—which are almost invariably to be listed among the developing countries—is a high rate of economic growth in the advanced countries; for this would tend to stimulate demand for the primary agricultural products of the developing countries. Not to be ignored, however, is the fact that demand for these products in the advanced countries does not increase with income so markedly as demand for other farm commodities such as meat and dairy products.

Role of U.S. farm products

In the fiscal year ended June 30, 1963, U.S. agricultural exports reached a near-record level; but commercial exports to most primary producing agricultural countries changed little. Similarly, total U.S. agricultural imports rose by an estimated 4 percent; but those from the primary producers remained about the same. If prices for these countries' agricultural products weaken, U.S. terms of trade may improve, but the dollar holdings of the countries will shrink, and so will their opportunities to import from the United Sates. Their earnings of other convertible currencies that might be exchanged for dollars will also shrink.

Rising incomes in these countries, however, could lead to expanded U.S. exports of agricultural and other products; and world prices of their agricultural exports are probably the major determinant of their incomes. Thus, expanded agricultural trade is a means of enlarging their foreign exchange holdings; and stability of primary commodity prices, whether through commodity agreements or through world economic growth, should be the aim of the Free World, if the developing countries are to reach their full economic potential.

Most tea is transported in traditional bag-on-head fashion, as at left. India's Tea Board has been taking special steps to help owners of small tea gardens with their problems of cultivation and marketing.

Below, women tea-pickers move along an Indian hillside. Nearly all of India's tea is grown on estates of more than 150 acres.

India's Important Tea Industry Has Its Problems

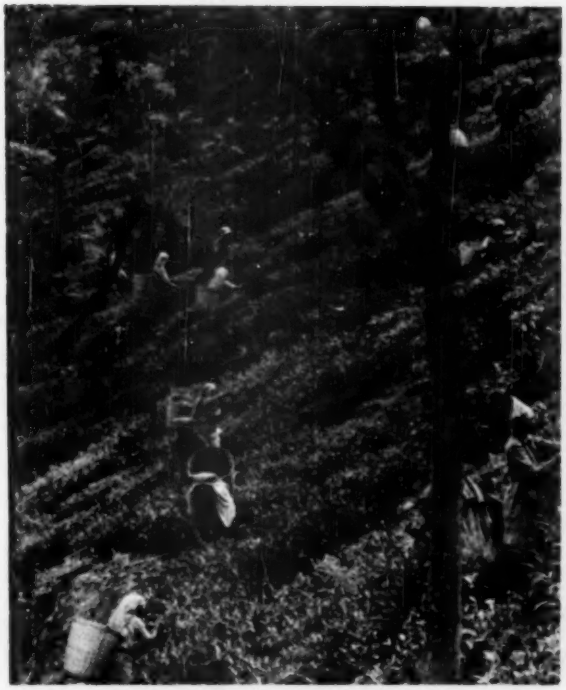
Tea is one of India's most stable export commodities. Along with jute, it is the country's major source of foreign exchange, each providing about 20 percent of India's total earnings during the past dozen years or so.

But tea exports may be in trouble. In 1961, tea earnings fell behind those of jute, and the volume of exports declined to 456 million pounds—almost the level of 1947 (the year of partition). This decline occurred despite a 39-percent rise in India's tea production since 1947.

The Indian tea trade ascribes the export decline to increasing competition from Ceylon and East Africa and to the steep rise in domestic consumption. India has an export advantage over Ceylon in the fact that nearly all its tea exports to Middle Eastern, North African, and Bloc countries are conducted on a bilateral barter basis; also, India's vast population provides a much larger market than Ceylon for the goods they offer in exchange for tea. This same vast population, however, is also itself an inconveniently large market for India's tea. The more it drinks, the less there is available for export.

India's tea industry is in a generally healthy economic position, and maintaining its prosperity is of the greatest consequence to India. There is, however, some difference of opinion on how to do this. Government policy calls for the rapid expansion of production. The previous target of 700 million pounds by 1960-61, set after the expiration of the International Tea Agreement in 1955, was more than fulfilled; the present target calls for a further rise to 900 million pounds by 1965-66.

The tea companies point out that it is futile to produce more tea if more cannot be sold overseas. Thus, the government's Tea Board is working with tea interests to promote foreign consumption of tea, especially in the United Kingdom. The Board has agreed to put into a U.K. "drink more tea" campaign its share of £1 million from India's foreign exchange balances over the next 2 to 3 years. About half the money will come from U.K. tea distributors, a third from the Governments of India and Ceylon, and the rest from other tea-producing countries.



—HORACE J. DAVIS
U. S. Agricultural Attaché, India

U.S. Exports of Sorghums Are Best in History As Foreign Buyers Recognize Its Value as Feed

In 1963, U.S. exports of grain sorghums were at a record high of over 3 million metric tons. These large shipments helped reduce stocks for the second successive year. They also seem to point to a fairly good future for this important U.S. crop which has been in surplus for the last 8 years. Abroad, as well as at home, buyers are becoming more familiar with the feed value of sorghums. Also, the world demand for livestock feed is mounting rapidly.

As early as 1955, over a third of the U.S. sorghums crop was being sold to CCC. Production, which in the prewar period had been under 100,000 bushels annually and which by 1956 only slightly exceeded 200,000, had tripled to over 600,000 only 2 years later. This was largely the result of research, which had increased yields from less than 22 bushels per acre in 1956, to 36.7 bushels, or almost double that figure, by 1958. Over a much longer time, acreage had also increased to a high of 19 million, before production was curtailed by the Feed Grain Program.

Both in the United States and abroad new markets were needed for this relatively unknown product. (Of the small prewar U.S. production, only negligible amounts—a few thousand bushels per year—had been exported.) To move sorghums into new areas and increase its attractiveness in others, a 7- to 10-percent differential in price with the familiar feed, corn, has been maintained. At home, the possibility of raising large quantities of the product in the cattle-ranching areas of the Southwest, thus reducing freight costs, proved a selling point.

The first great growth in the overseas sorghums market came in Western Europe. War-devastated Europe had faced the postwar period with feed shortages at the same time that recovery and rising consumer incomes encouraged the growth of livestock industries. The climate was favorable for exports of U.S. sorghums, and by fiscal 1960 Europe was taking over 2 million metric tons out of total U.S. world exports of about 2.5 million.

Since 1960, imports of U.S. sorghums have fluctuated from year to year. They have continued to rise in the Netherlands, an important dairying and trading country—from nearly 574,000 metric tons in 1960 to 701,000 tons last year. They have been well maintained also in Belgium-Luxembourg—where they are still at 450,000 metric tons compared with a high of about 529,000; but in West Germany sorghums imports have dropped to 172,500 tons from 224,000.

In the Far East, Japan has become an important market. Last year the country took 566,000 metric tons, double the former year's purchases of 294,000 tons, and it is anticipated that next year's imports may go as high as 800,000 to 1 million tons. This rapid rise, in a country with growing livestock and poultry industries and too little land for raising feed, is being effected by U.S. market development efforts plus Japan's setting aside of funds for purchase of sorghums.

A North American market showing considerable promise is Mexico. From around 7,100 metric tons 2 years ago, imports of U.S. sorghums rose to nearly 41,000 in 1961, and 173,000 this past year. In Mexico, corn is reserved for human use, and does not compete with sorghums as a feed. In addition, Mexico usually does not import corn. As the country's livestock and poultry populations grow, U.S. sorghums sales may be expected to increase.

In Eastern Europe, Poland took nearly 378,000 metric tons of U.S. sorghums during the past year, after receiving none the year before. This transaction depended on negotiated sales, which may not be repeated. However, the Soviet Bloc's great potential for the raising of feed grains suggests that in the long run it may become self-sufficient in these products.

For 1964, a record-high world corn crop just achieved in 1963 will offer greater competition with sorghums as a feed, but forecasts are for another good export year.

On a long-term basis, prospects for grain sorghums also appear favorable. With the adoption of the common agricultural policy in the European Economic Community, U.S. exports of feed grains have been maintained. If, in the future, the levies imposed should establish prices not much higher than the current French level, U.S. sorghums exports to that area can be maintained or increased.

U.S. Ratifies Coffee Pact

With the depositing by the United States of its instrument of ratification with the United Nations on December 27, 1963, the new long-term International Coffee Agreement came definitely into force.

Minimum ratification requirements under Article 64 have been met. As of December 31, the deadline, 14 importing countries had ratified—the United States, Argentina, Australia, Austria, Canada, Denmark, France, Western Germany, the Netherlands, New Zealand, Norway, Spain, Sweden, and the United Kingdom—representing 85 percent of the world's 1961 imports. Twenty-four exporting countries had also ratified—Brazil, Burundi, Cameroon, the Central African Republic, Colombia, Costa Rica, Cuba, the Dominican Republic, Ecuador, El Salvador, Gabon, Guatemala, India, Ivory Coast, the Malagasy Republic, Mexico, Nicaragua, Nigeria, Panama, Peru, Portugal, Rwanda, Tanganyika, and Uganda — representing 89 percent of 1961 exports.

Countries not among the original signers but now members by accession are the Congo (Brazzaville), Dahomey, and Tunisia.

Paraguay Works To Improve Its Crops and Livestock

Paraguay, wedged between its giant northern and southern neighbors—Brazil and Argentina—is one of the smallest and poorest of all the South American countries. Yet its fertile land offers Paraguayans a chance to make more than a subsistence living.

About 20 years ago the Paraguayan Government, with the help of the United States, began a program designed to improve the country's agriculture. That program continues under the Alliance for Progress.

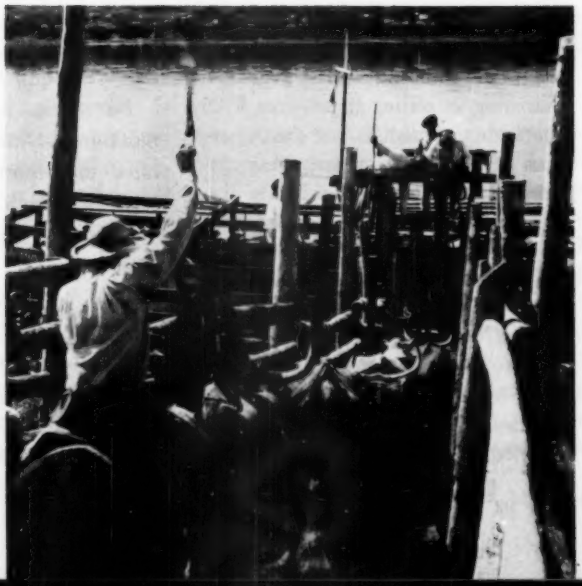
Research and extension provide the framework for Paraguay's agricultural improvement program. In Oriente Province, the main producing area, two research stations work with some of Paraguay's principal crops —yucca, corn, sweetpotatoes, sugarcane, beans, and tobacco. Here also a livestock breeding farm is maintained. Extension men teach better farming methods.

Agriculture is basic to the Paraguayan economy. It supplies virtually all of the country's exports and employs a majority of its people. Improving this base can further Paraguay's general economic development.

Above, a farm family tries out new tractor. Below, testing a wheat variety for suitability to Paraguay's climate.

Below, only the best fruits and vegetables go on exhibit at the First National Agricultural Show. (Photos courtesy Pan American Union.)

Livestock improvement work is being stepped up. Below, a prize Shorthorn bull; right, Zebu bulls from Argentina are ferried to Paraguay for crossbreeding.



Greater Use of Barter Program Since 1961 Has Saved Millions in U. S. Trade With Yugoslavia

Barter has saved the United States more than $14 million in valuable foreign exchange in the 2 years that this program has been actively used in this country's trade with Yugoslavia.

Previous to 1961, the U.S. Armed Forces were spending from $5 million to $6 million a year (in dollars) in Yugoslavia for food to feed U.S. troops in Europe and to sell in commissaries and PX's in Europe and Africa. At the same time, Yugoslavia was paying in dinars for U.S agricultural commodities under the Food for Peace program.

In late 1960, to help stem the outflow of gold from the United States, restrictions were placed on dollar purchases abroad by the Armed Forces. Their purchasing organizations were directed to buy in the United States when possible —and when the cost was not more than 25 percent greater in the United States than overseas.

However, it was necessary to make certain exceptions. It was not possible, for example, to require procurement in the United States of certain perishable foods, components for foreign produced equipment, or of services performed locally.

These difficulties—and the decision to step up the use of barter for offshore procurement by U.S. Government agencies in order to lessen the flow of U.S. dollars out of the country—spurred the Armed Forces procurement offices to greater use of the barter program. Purchases were made through U.S. firms, as called for in the program.

The first offshore barter contract for Yugoslav products amounted to $3 million, and was signed in March 1962. This was a bilateral transaction involving a straight trade of such Yugoslav products as meat, rugs, leather goods, glassware, lumber, and electrical appliances in return for about 2,500,000 bushels of U.S. corn.

A second barter contract was signed for $1,186,000 in October 1962. This was an "open-end" arrangement whereby Yugoslavia delivered pork products to our military's European Exchange System, and accepted in exchange U.S. agricultural commodities for export to approved third countries under barter program rules.

Still a third contract for $2 million was signed in February 1963 which provided for the delivery of meat and other food products by Yugoslavia. In exchange, Yugoslavia obtained 3,300 metric tons of dried milk from the Commodity Credit Corporation. The balance of the food acquired was paid for with CCC commodities exported to third countries.

A further barter contract for $3 million, under which deliveries and purchases are still in progress, was signed in May 1963. This contract covers delivery to the EES of a variety of Yugoslav merchandise in exchange for CCC commodities for use in Yugoslavia and/or export to third countries under barter rules.

In October 1963, an additional $5-million barter contract was signed, thus bringing the total value of offshore procurement barter contracts involving Yugoslavia since the spring of 1962, to $14,186,000. This is a decided improvement over selling CCC commodities for dinars and paying dollars for U.S. purchases and is an example of a small but worthwhile step toward conserving U.S. gold reserves.

—ARMIN J. REHLING
U. S. Agricultural Attaché
Belgrade, Yugoslavia

Nicaragua Forms Brahman Breeders Group

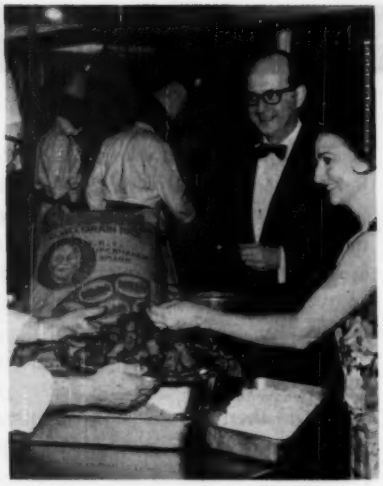
The recent formation of the Nicaraguan Brahman Breeders Association opens up possibilities for future sales of U.S. Brahman cattle to Nicaragua.

Dedicated to upgrading Nicaragua's Brahman livestock, the new organization will be headed by Dr. Fernando J. Gonzalez, one of the country's leading Brahman breeders. Assisting in setting it up were FAS marketing specialists and the American Brahman Breeders Association, whose officials recently returned from a market development trip to that country.

As part of the livestock improvement program, the American Association will regularly inspect and classify Nicaraguan foundation stock of at least 75 percent Brahman extraction. Progeny, also to be inspected, will be sired by certified ABBA Brahman bulls until females are 31/32's Brahman blood, at which point they become eligible for registration as foundation stock for breeders in the Nicaraguan Association. Offspring of these females —if sired by ABBA bulls—would then qualify for registration in a special "Nicaraguan Appendix" of the ABBA, listing their pedigrees.

For best results in purifying bloodlines, Nicaraguan breeders will have to import large numbers of females as well as male Brahmans. Throughout Central America, experience with U.S. Brahman has shown that this breed adapts well to the area's hot and humid climate.

Brahman cattle in Guatemala, Costa Rica, and Panama have also been inspected and classified by the Angus Association team.



Denmark Gives First U.S. "Rice Festival" Good Reception in Scandinavian Promotion Program

Response to the recent Danish "Rice Festival"—a new approach to U.S. rice promotion overseas—was so favorable that it may be staged in other Western European countries.

The week-long Festival, held in one of Copenhagen's leading restaurants, was designed to promote rice as a year-round dish to Danes who, like all Scandinavians, traditionally serve rice only on special occasions and holidays. During the Christmas holidays, for example, the Danes eat one-fifth of Denmark's total rice imports.

The Festival accomplished two objectives, according to its sponsor, the U.S. Rice Export Development Association. Capacity crowds at the restaurant were introduced to rice dishes served in a variety of ways. At the same time, the Festival's program was so newsworthy that the impact of the publicity spread throughout Denmark. To date, over 100 articles have appeared in some 70 publications—magazines, newspapers, trade and educational journals. The groundwork has also been laid for future publicity emphasizing rice as a year-round food.

Theme of the Festival was "An Evening in Carolina," so named because the Danes associate U.S. rice with this State. U.S. Ambassador to Denmark William McCormick Blair was on hand opening night to welcome guests, who included Danish rice importers and processors, home economists, government officials, food editors of Danish magazines, and members of the press. Eight hostesses called "Rice Girls" distributed to guests souvenir sacks of rice, a dinner menu featuring rice dishes, a rice brochure on how to prepare American rice, and the lyrics to the "Rice Waltz," a song extolling U.S. rice.

Popular components of the program were a quiz show during which the "Rice Girls" questioned guests about U.S. rice, and a style show presented by a prominent Danish designer and furrier. Door prizes were given out also, some awarding rice dinners at the restaurant or a year's supply of U.S. rice.

There were a number of side benefits of the Festival. The restaurant decided to feature rice dishes for an additional month, and other restaurants have requested information on preparing rice dishes. Also, the Danish Ministry of Defense has said that rice will be served to its armed forces.

At "Rice Festival," clockwise, guests enjoy a variety of rice dishes, chef offers samples in restaurant's rice kitchen, Ambassador Blair (l.) dines with U.S. Rice official, Si Grider.

The "Rice Festival" is part of a U.S. rice market development program begun in Scandinavia in 1961 which has stressed trade fair participation, demonstrations, and distribution of promotional literature. Since then, U.S. rice sales to Denmark have gone from about 700 metric tons annually to 1,225 tons last marketing year.

Immediate goal of this promotion is a 50-percent increase in the Dane's per capita rice consumption.

—HAROLD L. KOELLER
U.S. Agricultural Attaché

Japan May Increase Poultry Duty

On December 19 the Japanese Government's Tariff Deliberation Council approved a recommendation that the import duty on poultry, fresh and frozen, be increased from the present 10 percent to 20 percent ad valorem. The Council is an interagency tariff deliberation group.

The recommendation then went to the Minister of Finance. If he approves, the matter goes to the Cabinet. Approval there would result in submission of enacting legislation to the Diet (Japan's parliament). If these preliminary decisions are affirmative, the Diet is expected to take up the bill early in 1964. The intention is to make the duty increase effective April 1—the beginning of Japan's 1964 fiscal year.

Japan in 1963 developed into a significant market for U.S. poultry, with prospects for further expansion. Imports from the United States through November reached 3,660,000 pounds, and those in December probably pushed the year's total to more than 4,500,000 pounds. Imports in 1962 were only 624,826.

It is this increase in imports that prompted elements of Japan's poultry industry, supported by the Ministry of Agriculture and Forestry, to urge a duty increase. Originally, the industry had asked for a much higher duty—up to 42 percent.

No disruption of the domestic market has occurred, however. Prices for domestic poultry have remained firm, and trade sources have reported that supplies are insufficient to meet market requirements. In fact, meats of all types are in short supply and are selling at abnormal prices. The government recently authorized emergency imports of pork (mostly from the United States) in an effort to bring pork prices down.

Austria Exports More Butter and Cheese

Exports of butter from Austria in the first half of 1963, at 6 million pounds, were 47 percent greater than in the same 1962 period. Sales to the United Kingdom, the principal market, totaled 4 million pounds—almost double those of last year. Among the other traditional markets, Italy took slightly more, and Western Germany and Switzerland, slightly less.

Shipments of cheese increased 25 percent to 9 million pounds, of which 7 million went to Italy.

Imports of cheese declined 9 percent to 4 million pounds. A sharp reduction in receipts from Finland accounted for most of this decline.

Argentina Sells Wheat to Communist China

A commercial concern in Argentina has concluded a contract with Communist China for the sale of 1,750,000 metric tons of grain. The first shipment, consisting of 450,000 tons—150,000 from old-crop wheat and 300,000 from the 1963-64 crop—is to take place by April 1964. The remaining quantity is reported to be feed grains, shipment of which will be spread through 1965. Payment will be in pounds sterling.

Denmark Lifts Import Embargo on Rye

On December 15, 1963, Denmark lifted its import embargo on rye. Effective until July 15, 1964, the action permits Danish bakers to use 20-percent imported rye in the production of rye bread.

Danish grain importers had foreseen this development and contracted for about 1,900 metric tons of rye, of which 1,600 will come from the United States and 300 from Canada. Danish rye import requirements are expected to total about 15,500 metric tons in the first 6 months of 1964. Importers are reported to be most interested in U.S. rye.

South Africa Harvesting Large Corn Crop

The South African Maize Board indicates that South Africa's 1963-64 corn crop will reach 9 million tons, compared with 6 million in 1962-63. Domestic need is estimated at 3 million, leaving 6 million for export.

U.K. Will Import French Beef

The United Kingdom has set a quota for the importation of up to 500 long tons of fresh and frozen French beef before March 31, 1964.

The quota has been described as experimental, following representations by the French Government that France's foot-and-mouth-disease position has greatly improved and that safeguards against transmittal of the disease are satisfactory.

Imports from France will not be large in relation to U.K. requirements. The U.K. supply of beef and veal (domestic production and imports) has averaged about 310,000 long tons in the first quarter of each of the last 3 years.

The United Kingdom will continue to maintain its ban on imports of fresh and frozen pork from France.

New Zealand Meat Board Appoints Representative

The New Zealand Meat Board has selected A. P. O'Shea as its new North American representative, with headquarters in New York City. He is expected to arrive in the United States in January.

Mr. O'Shea has been General Secretary of the Federated Farmers of New Zealand, Inc., and of its predecessor, the Farmers Union, since 1935. He is widely known throughout New Zealand for his work in behalf of farmers and particularly for his interest in the North

American market for New Zealand lamb. He had experience in farm operations in the Waikato, Otago, and Poverty Bay regions before serving with the Farmers Union.

The new Meat Board office will work closely with the Meat Export Development Company at Chicago, a New Zealand firm which has full control over the marketing and promotion of New Zealand lamb in the United States and Canada.

U.K. Lard Imports Up in First 10 Months of 1963

Imports of lard into the United Kingdom during the first 10 months of 1963 totaled 421 million pounds, 14 percent above those in the same 1962 period. October imports, at 26.6 million pounds, were the lowest since February, when shipments were curtailed by the U.S. dock strike.

In the 10-month period, total imports from the United States were 26 percent above those in 1962, with a large part of the gain offsetting declines in imports from Poland, Belgium, France, Denmark, and the Netherlands.

LARD: U.K. IMPORTS BY COUNTRY OF ORIGIN, JANUARY-OCTOBER 1962 AND 1963

Country of origin	Jan.-Oct. 1962 Quantity	Jan.-Oct. 1962 Percent of total	Jan.-Oct. 1963 Quantity	Jan.-Oct. 1963 Percent of total
	1,000 pounds	*Percent*	*1,000 pounds*	*Percent*
United States	285,167	77.2	358,378	85.2
France	19,628	5.3	17,910	4.3
Denmark	15,319	4.2	12,983	3.1
Germany, West	4,527	1.2	10,101	2.4
Belgium	18,558	5.0	9,476	2.2
Sweden	3,719	1.0	4,022	1.0
Netherlands	6,231	1.7	3,858	.9
Poland	15,280	4.1	3,360	.8
Others	887	.3	680	.1
Total	369,316	100.0	420,768	100.0

Henry A. Lane & Co., Ltd.

New Zealand Meat Shipments to the U.S.

Six ships are scheduled to leave New Zealand during January with 13,440,000 pounds of meat for the United States—3,584,000 pounds for the West Coast and 9,856,000 for the East Coast.

Ship	Sailing date	Destination	Quantity
			Pounds
Monterey	Jan. 7	West Coast	336,000
Knight Templar	11	do	1,120,000
Alexander von Humbolt	20	do	1,568,000
Mariposa	31	do	560,000
City of Brisbane	28	East Coast	1,568,000
Cumberland	29	do	8,288,000

Mexico May Export Beef to Europe

A meatpacking plant in northern Mexico is considering the possibility of exporting carcass beef to European countries such as Italy, Spain, and Czechoslovakia.

The Federally inspected packing plant at Piedras Negras, Coahuila, operated by the Regional Livestock Union, would transport the beef through Eagle Pass, Texas, and across the State to Brownsville for shipment to Europe.

Northern Mexican plants have been exporting carcass and boneless beef to the United States, but this is the first indication of any exports to Europe.

Australian Meat Moves to the U.S.

Three ships left Australia during the last week of November and the first week of December with 5,317,760 pounds of beef, 954,240 pounds of mutton, and 94,080 pounds of lamb for the United States.

Ship and sailing date	Destination [1]	Arrival date	Cargo	Quantity
	Western ports:			*Pounds*
Monterey, Nov. 28	San Francisco	Dec. 15	Beef	134,400
			Mutton	67,200
	Los Angeles	20	Beef	141,120
	Eastern ports:			
Port Quebec, Dec. 3	Charleston	29	Beef	309,120
			Mutton	212,800
	Norfolk	31	Beef	13,440
			Mutton	67,200
	Boston	Jan. 5	Beef	309,120
	New York	8	Beef	3,263,680
			Mutton	360,640
			Lamb	33,600
	Philadelphia	13	Beef	459,200
Pioneer Gem, Dec. 4	Boston	1	Beef	67,200
	New York	9	Beef	418,880
	Philadelphia	11	Lamb	60,480
	Baltimore	13	Beef	201,600
			Mutton	67,200

[1] Cities listed indicate location and usually the port of arrival and general market area, but meat may be diverted to other areas for sale.

Cigarette Sales in Czechoslovakia Down

Cigarette sales in Czechoslovakia during 1962 totaled 19.7 billion pieces, compared with 19.8 billion in 1961 and the 1955-59 average of 17.8 billion. During the first 6 months of 1963, 9.6 billion pieces were sold.

Filter-tipped cigarettes during the first half of 1963 represented 4 percent of total sales, compared with 2 percent in both 1962 and 1961, and 0.5 percent in 1960. Oriental-type cigarettes comprised about 30 percent of total sales, with other blended types accounting for the remainder.

Twelve different brands of cigarettes are manufactured locally. "Partizanka," a flue-cured and Oriental blend, is the most popular brand, accounting for about 50 percent of total output and retailing at the equivalent of 44.4 U.S. cents per package of 20. "Lipa," an Oriental and flue-cured blend, retails for 55.6 cents; "Bystrica," for 44.4 cents.

Per capital consumption of cigarettes rose from the 1955-59 annual average of 1,333 pieces to 1,438 in 1961 and declined slightly to 1,431 in 1962.

Cigarette imports showed an upward trend through 1961, then turned downward during 1962 and continued to decline through the first 6 months of 1963. Imports rose from the 1955-59 annual average of 307

million pieces to the 1961 high of 1,212 million and then dropped to 1,186 million in 1962. Imports during the first 6 months of 1963 totaled 554 million pieces. Bulgaria continues to be the principal supplier. Very small quantities are obtained from Albania, North Korea, Cuba, Mainland China, and the United States (*Die Tabak-Zeitung*, Mainz, Nov. 22, 1963).

Spain's Dried Apricot Crop Sets New Record

Spain's dried apricot crop for 1963-64 is estimated at a record high of 3,800 short tons, compared with 2,400 in the previous season. This estimate is 2.9 percent above the September 9 forecast. The Balearic Isles are believed to have produced some 2,200 short tons, and around 1,600 were produced in the Province of Murcia, which has doubled production in the current season.

The quality of the 1963-64 pack is said to be good, but because of the large crop of apricots, sizes are generally smaller than last year's.

Private trade information sources indicate that Spanish exports of dried apricots in August-November totaled 1,278 short tons, up 66.6 percent from the 767 exported in the same period of 1962. Major outlets for apricots were Denmark, Norway, West Germany, the United States, and Sweden. It is expected that total 1963-64 exports will amount to approximately 3,500 short tons.

According to reports by the Spanish Customs Office, Spain's dried apricot exports in the 1962-63 season, which ended July 31, amounted to 2,169 short tons—58.7 percent above those in 1961-62.

Prices paid to producers in the early part of the current season ranged from 14 to 15 pesetas per kilogram. Current prices range from 20 to 21 pesetas. The average price paid to producers in 1962-63 was 22.50 pesetas.

The average export price paid for dried apricots in the current season is 35 cents per kilogram, f.o.b., minus 3-percent commission, compared with an average price of 45 cents in the previous season.

Spain Has Larger 1963 Raisin Pack

Spain's 1963 raisin pack is currently estimated at 11,600 short tons, up 16.6 percent from the September forecast and 23.5 percent above last year's pack. About one-third of this will come from Denia and the other two-thirds from Málaga. Trade sources indicate that the Denia crop may reach 4,400 tons, but this seems optimistic in view of damage by late fall rain in that area.

According to reports, raisin exports between August 1 and November 10, 1963, totaled 3,041 short tons—up 2.1 percent from the 2,977 tons shipped during the same period of 1962. While exports from Málaga were down 3.7 percent from the 1962 period, Denia shipments increased 19.7 percent. Principal destinations were the United Kingdom, France, and Sweden. Combined, they took over 65 percent of total raisin exports.

The decline in exports of Málaga raisins is attributed to keen competition with other major exporting countries and to high domestic prices. Certain trade contacts believe it is the result of a world decline in demand for raisins and other dried fruits.

For Denia raisins, demand has been and still is quite active, with encouraging consequence, for an area which has known a succession of depressed export seasons. The "revival" of Denia exports is attributed to the smaller Australian crop this year, which has resulted in the reopening of markets for Spanish seedless raisins, especially in the United Kingdom.

Spain's 1963-64 raisin exports are estimated at 5,500 short tons, or essentially the same amount as in 1962-63.

Prices now being paid to producers of Málaga raisins are 1 or 2 pesetas lower than in the early part of the season, and current average wholesale export prices are also down. Quotations on December 10, 1963, were as follows (net weight, f.o.b. Málaga):

	Pesetas per 10-kg. box
Imperial Racimal	265.00
Imperial Catites	250.00
Royal Racimal	225.00
Royal Catites	210.00
Reviso	225.00
Medio Reviso	202.00
Aseado	190.00

The average price paid to Denia's producers thus far has been 15 pesetas per kilogram. Current export prices for Denia raisins range from 20 to 25 pesetas per kilogram, f.o.b. Valencia or Alicante. Most of the sales made to the United Kingdom were at prices ranging from 26.70 to 28.55 pesetas per kilogram, c.&f. London, for "Flors" and "Extra Flors," respectively.

Dutch Import Less Hops But Sell More Beer

Hop consumption in the Netherlands continues to climb because of increased beer sales. Sales have risen 23.4 percent in the past 4 years—from 2,963,000 barrels in 1959-60 (Sept. 1-Aug. 31) to 3,655,000 in 1962-63.

Per capita beer consumption has increased from about 5.2 gallons to about 8 in the past 6 years. West Germans drink about 29 gallons per capita, and Belgians, about 30. This seems to indicate that per capita beer consumption and sales in the Netherlands may increase even more as personal incomes rise.

The following tabulation gives the amount of beer sold—including exports but not imports—in the Netherlands in the past 4 marketing years (September to August):

	1959-60	1960-61	1961-62	1962-63
	1,000 barrels	*1,000 barrels*	*1,000 barrels*	*1,000 barrels*
Sales	2,963	3,185	3,337	3,655
	Percent	*Percent*	*Percent*	*Percent*
Increase over previous yr...	—	7.5	4.9	9.5

No hops are grown on a commercial scale in the Netherlands, and all requirements must be filled from imports. Despite this, total imports have dropped in each of the past 2 years as inventories were worked down. As a result, the August 31 carryover dropped in both years and is now at a very low level. However, industry sources indicate that stocks will be built up to safer levels in the next year or two. This points to the likelihood of high, if not record, imports of hops during the year beginning September 1, 1963.

At one time, West Germany supplied about a third of the Netherlands imports and Czechoslovakia and Yugoslavia together, about another third; the remainder came from other nations, including the United States, Belgium-Luxembourg, and the United Kingdom. In the past 2 years, the West German share of the market has dropped to about one-fourth and the U.S. share has risen to about one-fourth; Czechoslovakia has become an insignificant supplier; and Poland has emerged as the main source, with one-third of the total market.

THE NETHERLANDS: HOP IMPORTS, SEPTEMBER-AUGUST 1959-60 TO 1962-63

Country of origin	1959-60	1960-61	1961-62	1962-63
	1,000 pounds	*1,000 pounds*	*1,000 pounds*	*1,000 pounds*
West Germany	626	500	251	282
Czechoslovakia	306	317	71	31
Yugoslavia	258	362	324	209
Poland	—	—	349	415
United States	101	221	196	287
Belgium-Lux	60	20	13	15
France	—	—	44	—
United Kingdom	22	—	—	—
Other	27	68	—	—
Total	1,400	1,488	1,248	1,239

Egypt Expects Smaller Cotton Crop

Egypt's 1963-64 cotton crop, according to the second official estimate, is placed at 2,017,000 bales (500 pounds gross). This is a 4-percent decrease from the near-record 1962-63 crop of 2,101,000 bales. Output of extra-long-staple cotton (over 1⅜ in.), estimated at 922,000 bales, is 13 percent less than in 1962-63, while that of other staple lengths is set at about 5 percent above the 1962-63 crop. The area devoted to cotton this season is estimated at 1,689,000 acres, compared with 1,720,000 in 1962-63 and an annual average of 1,906,000 in the past 5 seasons.

COTTON: EGYPT, PRODUCTION BY STAPLE LENGTH AND VARIETY, 1962-63 AND 1963-64

Staple length and principle varieties	1962-63[1]	1963-64[2]	Percent change
	1,000 bales[3]	*1,000 bales*[3]	*Percent*
Extra-long staple, over 1⅜ inches: Karnak, Menoufi, and Giza 45	1,056	922	—13
Medium-long staple, 1-9/32 inches to 1⅜: Giza 30, 31, and 47	472	482	+2
Medium staple, 1⅛ inches and below: Ashmouni	539	586	+9
Total classified	2,067	1,990	—4
Scarto (unclassified cotton)	34	27	—21
Total	2,101	2,017	—4

[1] Final official estimate. [2] Second official estimate. [3] Bales of 500 pounds gross.

The Egyptian Cotton Commission has permanently suspended exports of all Ashmouni and Dendera cotton from the 1963-64 crop classing Good and lower. Export sales of all grades of Karnak and Giza 45 (Isis) varieties are also prohibited.

Indications are that Egypt will not have enough extra-long-staple cotton this season to meet export commitments, particularly to Soviet Bloc countries. In addition to the smaller 1963-64 crop, smaller-than-average beginning stocks and larger-than-average forward sales to Western countries contributed to the tight supply situation. Reportedly, Egypt's cotton acreage in 1964 will be expanded to the legal limit of one-third of the cultivated area.

On November 10, official Egyptian export sales prices were increased for the ninth time since last April. Currently Western Europe's import prices are around 44.80 cents per pound, c.i.f., for Fully Good Menoufi—about 4.2 cents per pound higher than those in March 1963.

Italy Buys Beef in Southern Rhodesia

Italian firms have placed orders for 243 short tons of beef cuts and quarters from the Cold Storage Commission in Bulawayo, Southern Rhodesia, for delivery beginning in March 1964. The sale has raised hopes that Southern Rhodesia's Cold Storage Commission will be able to sell meat in other European countries.

Meat production by the Cold Storage Commission has continued to increase, and fairly large supplies of better grade beef have become available for export.

Japan To Import More U.S. Pork

The Japanese Ministry of Agriculture and Forestry has announced an import allocation for 3,000 metric tons of pork to be delivered in January and February. Although this is a global allocation, it will probably be bought in the United States.

The allocation was announced after pork prices reached new record levels during the holiday season.

The government is considering a plan to make the 10-percent ad valorem import duty on pork flexible. Imports are being permitted so as to hold consumer prices down, but the duty is increasing import prices and therefore is at cross purposes with the objectives.

Aid—the Beginning of Trade

(Continued from page 4)

representatives of other nations—for seeking to maintain our levels of commercial agricultural exports as a tie-in with food assistance extended under Public Law 480. To us this is a practical necessity. As the nation that carries the larger part of the Free World's assistance programs, we have no other choice—politically or economically.

We are all interested in commercial markets. The 70 percent of U.S. agricultural exports that move under

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commercial sales for hard currency represent our ideal method of moving farm products. The 30 percent that move under Public Law 480—if they were to continue to move that way and that way only—would not represent an enticing prospect. Our hope lies in the assurance, based on these nearly 10 years of Public Law 480 experience, that the 70 percent will become larger and the 30 percent smaller.

In this Sub-Committee, or in our national capitals, or anywhere, we can confer and we can argue about how to slice today's commercial trade-pie—and no doubt the exercise serves a useful function—but I think we miss the most important exercise of all if we fail to confer with even greater vigor on how we can make that world trade-pie bigger.

Professor Toynbee said that when the affluent one-third of the world's people are mainly concerned about selling to one another, it is like taking in one another's washing. With this I would agree, for the big markets of tomorrow lie with those other people—the two-thirds of the world's people in the less developed nations—who are trying to get into the mainstream of commerce, and some of whom already are succeeding.

Through nearly 10 years of Public Law 480, I think one discovery has impressed the United States more than any other, and that is that food aid well planned is not just aid—it can also be the beginning of trade.

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